

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of

Telephone Number Portability

CC Docket No. 95-116

REPLY OF VERIZON

The most notable thing about the comments filed in response to BellSouth's petition is that there is no disagreement with the proposition that an ILEC's costs to establish CMRS number portability are recoverable in the same way as its costs to establish landline number portability. The Commission should promptly confirm that fact.

There is also no disagreement that now is the time for an ILEC to seek recovery of these costs, and no commentator argues that the five-year limitation in section 52.33(a)(1) of the Commission's rules should stand in the way of such recovery. Even AT&T, the most skeptical of the commentators, agrees that there are recoverable portability costs which are readily ascertainable.¹ The Commission should, therefore, waive the five-year limitation and allow ILECs to file tariff revisions that seek recovery beyond this period.

AT&T says that the Commission should not grant a waiver of the five-year limitation for BellSouth (and presumably other ILECs) until the Commission is satisfied that the cost BellSouth seeks to recover really do qualify as recoverable number portability costs under the Commission's rules and orders.² While AT&T is correct that BellSouth (or any ILEC) has the burden of

¹ "The proper amount of [an ILEC's portion of shared industry costs] is easily determined." AT&T at 7.

² AT&T at 6-7.

showing that the costs it seeks to recover are recoverable under Commission precedent, now is not the time for such a showing. That showing must be made in the same way it was in 1999 when the ILECs sought recovery of their landline number portability costs — through the Description and Justification and cost studies that accompanied their tariff revisions.

AT&T then goes on at some length to summarize the Commission’s rulings on recoverable number portability costs,³ stressing the strictness of the Commission’s test for when an ILEC may recover costs in this way, and it says that BellSouth did not carry its burden with the materials it submitted with its petition. Significantly, however, AT&T agrees that certain types of costs described by BellSouth *are* properly recoverable. These include BellSouth’s allocated share of the industry costs imposed by NeuStar,⁴ the cost to modify operation support systems to recognize a new LSR field “to identify the type of port being requested (e.g., wireless-to-wireline; wireline-to-wireless)”⁵ and to allow for proper validation of wireless number portability requests,⁶ and additional unique costs related to the porting of numbers used by CMRS providers with Type I interconnection.⁷ Any disputes as to other types of costs can be resolved in the tariff proceedings.

The end user surcharge is the Commission’s mechanism for ILECs to recover certain costs of *establishing* number portability.⁸ Other costs caused by number portability, not related to

³ AT&T at 6-18.

⁴ AT&T at 7.

⁵ AT&T at 13.

⁶ AT&T at 13-14.

⁷ AT&T at 14.

⁸ *Telephone Number Portability*, 13 FCC Rcd 11701, ¶¶ 35-40 (1998) (“*Cost Recovery Order*”).

establishing the capability, are not part of this system. As the Commission noted in 1998, “some of the costs LECs incur as a consequence of number portability are not ‘eligible’ for recovery through the new, federal LNP charges.”⁹ This includes “costs [that] would not have been incurred *but for* telephone number portability,” but that are not “costs *are for the provision of* telephone number portability.”¹⁰ If an ILEC has number portability costs that are not recovered through its end user surcharge because they do not meet the Commission’s test for costs recoverable in that way, the ILEC may recover them in whatever way is lawfully available to it — through “ordinary cost recovery mechanisms”¹¹ — which may include assessing charges on other carriers.

In addition, the Commission’s number portability cost recovery regime provides for recovery of only five years worth of number portability establishment costs. The Commission reasoned that “once incumbent LECs have recovered their initial implementation costs, number portability will be a normal network feature, and a special end-user charge will no longer be necessary to ensure that incumbent LECs recover their number portability costs on a competitively neutral basis.”¹² At that point, there would be no special cost recovery mechanism and the normal rules would apply — “[c]arriers can recover any remaining costs through existing mechanisms available for recovery of general costs of providing service.”¹³ These “existing

⁹ *Telephone Number Portability Cost Classification Proceeding*, 13 FCC Rcd 24495, ¶ 6 (1998) (“*Cost Categorization Order*”).

¹⁰ *Cost Categorization Order* ¶ 8. These include “general network upgrades” (*Cost Categorization Order* ¶ 9) and costs “incurred because of the impact of portability on existing systems for providing repair and maintenance services, 911 services, service ordering, and other network functions” (*Cost Categorization Order* ¶ 8).

¹¹ *Cost Categorization Order* ¶ 6.

¹² *Cost Recovery Order* ¶ 144.

¹³ *Cost Recovery Order* ¶ 144.

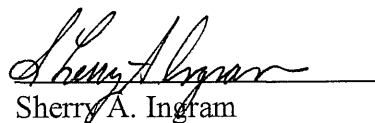
mechanisms” include service order or other non-recurring charges imposed on the carriers that cause the cost to be incurred.

The procedures followed by the Commission in reviewing ILEC tariff submissions — including consideration of comments filed by other carriers — are more than sufficient to ensure that an ILEC recovers only those costs the Commission has authorized it to recover. And the regulatory oversight given to an ILEC’s “ordinary cost recovery mechanisms” or the “existing mechanisms available for recovery of general costs of providing service” will ensure that these mechanisms are not used to recover costs which the ILEC has already recovered and that there will be no double recovery.

Conclusion

The Commission should declare that carriers may recover the costs they necessarily incur in connection with the provision of CMRS number portability through extensions of or additions to their existing number portability surcharge rates.

Respectfully submitted,



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